

January 18, 2012

To: Executive Board

Subject: **November Financial Statements and Investment Summary**

Recommendation

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2012.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the first five months of the fiscal year ending June 30, 2012.

Foothill Transit's cash position of \$62.0 million is \$700,000 more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include an increase in amounts due from governmental agencies of \$1.8 million. Sources of cash include an increase in accounts payable \$999,000, and excess operating revenues over expenditures of \$1.5 million.

November 2011 fare revenues were \$1.55 million, which were \$2,000 less than October revenues, and 8.0 percent more than the monthly budgeted amount. This is a continuation of the trend established in the prior fiscal year even though budgeted FY 2012 fare revenue estimates were approximately ten percent higher than FY 2011 levels. Ridership has remained relatively flat for more than a year, very similar to the economy. This continues to be good news; the economy may be stabilizing with hopes of future improvements.

Operating costs through November were \$25.5 million, which is \$2.4 million less than the budget. These costs are \$457,000 or one percent higher than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as of November 31, 2011 shows total assets at \$219.3 million. This total consists primarily of \$148.7 million in fixed assets and \$61.9 million in cash and investments. The cash and investments balance includes \$5.0 million invested in the Local Agency Investment Fund (LAIF); \$22.7 million in non-interest bearing accounts held with Bank of the West; \$20.1 million in an interest bearing account with Bank of the West; \$5.2 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through

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the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of November 2011 was 0.401 percent; slightly more than the previous month's rate of 0.385 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than two years, LAIF interest rates have continued a downward trend with small increases from time to time.

Liabilities

The accounts payable balance is \$6.6 million. \$3.6 million of this amount represents the amount due and payable to the contractors for October and November services. Other amounts payable include fuel costs of \$702,000, and \$427,000 due Metro for stored value sales and \$50,000 for the Monrovia Dial-A-Ride.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

November 2011 fare revenue of \$1.55 million was 8.0 percent more than the monthly budgeted amount and \$2,000 less than the previous month. Year-to-date average monthly revenues through November are \$1.5 million which is \$53,022 or 3.67 percent more than the prior year monthly average. November revenues are 8.0 percent more than the amount budgeted and \$100,000 more than the prior fiscal year monthly average of \$1.45 million. These could be indicators that the economy is neither improving nor weakening, even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$22.9 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 7.68 percent more than planned for in the budget. The major factor contributing to this increase was the Measure R funding. Foothill Transit has sufficient funds to meet all of its obligations.

Expenses

November 2011 year to date operating expenses were \$25.5 million, compared with the budget of \$27.9 million. This difference of approximately \$2.5 million resulted in an 8.81 percent favorable variance. The majority of this favorable variance is the result of lower


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than budgeted service cost of \$975,000 and fuel cost savings of \$900,000, with the balance spread over several departments and not attributable to any one account. It should be noted that the November 2011 year-to-date expenses of \$25.5 million are \$457,000 more than the prior fiscal year.


Farebox Recovery Ratio

The November 2011 year-to-date farebox recovery ratio was 29.38 percent; 3.42 percent more than the performance target of 25.96 percent. The farebox recovery ratio was derived by dividing the total fare revenue (adjusted for the EZ Transit Pass revenue) figure of \$7,496,986 by the total operating expense figure of \$25,514,847. This ratio has increased 0.65 percent from the October 2011 figure of 28.73 percent.

Sincerely,



Richard Hasenohr
Director of Finance



Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of November 30, 2011

Assets

Current Assets:

Cash	\$ 42,807,923
Investments	19,144,051
Due from government agencies	6,568,894
Other receivables	1,677,359
Other assets	326,657

Total Current Assets	<u>70,524,885</u>
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Property & Equipment (net of depreciation)	<u>148,736,381</u>
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Total Assets	<u><u>\$ 219,261,266</u></u>
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Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,598,972
Current portion of long term debt	1,000,000

Deferred Revenue	<u>34,379,616</u>
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Total Liabilities	<u>41,978,588</u>
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Equity

Investment in Fixed Assets (net):

Fund Balance:	<u>177,282,678</u>
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Total Equity	<u>177,282,678</u>
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Total Liabilities and Equity	<u><u>\$ 219,261,266</u></u>
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Summary of Cash and
Investment Account
For November 30, 2011

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$15,357,022	\$15,357,022
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Money Market	0.150%	Demand Deposit	10,016,643	10,016,643
Bank of the West-Money Market	0.250%	Demand Deposit	4,501,535	4,501,535
Bank of the West-Money Market	0.250%	Demand Deposit	4,898,466	4,898,466
Bank of the West-Excise Tax	N/A	Demand Deposit	7,374,259	7,374,259
Bank of the West-CTAF ³ Fund	0.750%	Demand Deposit	658,099	658,099
Bank of the West-Bus. Checking	N/A	Demand Deposit	0	0
Subtotal Cash on Hand			42,807,923	42,807,923
Unrestricted Investments:				
Chase Business Saving	0.500%	Demand Deposit	5,153,694	5,153,694
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	0.175%		2,988,000	2,988,000
Treasury Bills			1,996,158	1,996,158
LAIF Investment	0.381%	Demand Deposit	5,006,199	5,006,199
Subtotal Unrestricted Investments			19,144,051	19,144,051
Total Cash and Investments			<u>\$61,951,974</u>	<u>\$61,951,974</u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

For Month Ended November 30, 2011

	Actual November -11	Budget November -11	Variance Favorable (Unfavorable)	Actual November- 10
Operating Revenue				
Farebox	\$4,751,026	\$4,883,167	(2.71%)	\$4,530,695
Pass Sales	1,328,629	1,107,667	19.95%	1,249,263
TAP Cash Purse	835,752	592,750	41.00%	945,103
MetroLink	21,656	11,042	96.13%	12,400
EZ Transit Pass	901,922	589,750	52.93%	487,796
Total Operating Revenue	7,838,986	7,184,375	9.11%	7,225,256
Non-Operating Revenue				
FTA Sec 5307 Operating	1,311,569			682,308
FTA Sec 5307 ARRA				397,988
Transportation Development Act (TDA)	7,263,980	9,048,834	(19.72%)	5,939,172
STA	1,373,190	1,354,166	1.40%	5,327,279
Prop A 40% Discretionary	5,589,258	5,000,000	11.79%	5,308,660
Prop A & C Interest				(10,918)
Prop A 40% BSCP	1,581,995	1,208,334	30.92%	650,838
Prop C Base Restructuring	739,890	708,334	4.45%	725,455
Prop C BSIP	344,472	337,916	1.94%	337,750
Prop C Transit Service Expansion	123,297	120,834	2.04%	120,889
Transit Security-Operating	257,360	250,000	2.94%	226,567
Measure R Operating	3,658,060	2,620,834	39.58%	3,087,780
Excise Tax Credit				
Gain on Sale of Fixed Assets				
ARRA				
Auxiliary Revenue	664,737	625,000	6.36%	681,204
Total Non-Operating Revenue	22,907,807	21,274,251	7.68%	23,474,972
Total Revenue	30,746,793	28,458,626	8.04%	30,700,228
Available Capital Funding				
Capital Grants	2,586,440			13,304,694
Other				
Total Revenue and Capital Funding	33,333,233	28,458,626		44,004,922
OPERATING EXPENSES				
Operations	21,408,625	23,405,292	8.53%	21,168,055
Marketing and Communications	568,741	664,375	14.39%	562,756
Information Technology	715,774	724,583	1.22%	540,084
Administration	660,736	740,854	10.81%	810,130
Procurement	184,865	265,771	30.44%	
Sales and Service	724,725	728,500	0.52%	700,932
Finance	518,730	526,750	1.52%	437,233
Safety and Security	272,767	334,583	18.48%	261,460
Planning	205,150	286,083	28.29%	259,443
Building Management	254,734	302,667	15.84%	317,660
Total Operating Expenses	25,514,847	27,979,458	8.81%	25,057,753
Capital and Other Expenses				
Capital	2,665,631		N/A	13,290,284
Interest			N/A	
Dial-A-Ride	305,697		N/A	192,986
Special Services	67,911		N/A	113,525
Other Misc. expense	(19,818)		N/A	23,969
Total Capital and Other Expenditures	3,019,421		N/A	13,620,764
Increase (Decrease) of Revenues Over Expenditures	\$ 4,798,965			\$ 5,326,405